

Message Text

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ACTION EB-07

INFO OCT-01 AF-06 ISO-00 AID-05 CIAE-00 COME-00 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 AGR-10 PC-05 /077 W

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R 290800Z JAN 76

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC 6226

UNCLAS SECTION 1 OF 2 KINSHASA 0759

E.O. 11652: N/A

TAGS: BEXP, CG

SUBJECT: FX 77 COUNTRY COMMERCIAL PROGRAM

REF: A 7369 (10 DEC 1975)

1. OVERVIEW. AS A RESULT OF THE MID-1974 DROP INCOPPER PRICES THAT SHOWED NO TENDANCY TO RECOVER IN 1975, ZAIRE CONTINUES TO SUFFER A SEVERE SHORTAGE OF FOREIGN EXCHANGE. PROBLEM HAS BEEN EXACERBATED BY DIMINISHING AGRICULTURAL EXPORTS AND INCREASED FOREIGN EXCHANGE OUTLAYS FOR BASIC FOODSTUFFS. ZAIRIAN RESOURCES ARE THUS STRAINED TO PROVIDE, CONCURRENTLY, BASIC NECESSITIES FOR THE FUNCTIONING OF THE ECONOMY, CONTINUED SUPPORT FOR NECESSARY ONGOING INVESTMENT PROJECTS AND MEETING SCHEDULED PAYMENTS ON OUTSTANDING DEBTS. TO CARRY OUT THESE ESSENTIAL FUNCTIONS THE GOZ IM IMPLEMENTING STABILIZATION PLAN WHICH WILL LARGELY LIMIT EXPENDITURES TO PREDETERMINED PRIORITIES WHICH HAVE NOT YET BEEN ANNOUNCED. THE STABILIZATION PLAN ENVISSAGES AN INCREASING ROLE FOR PRIVATE AND MIXED (PROVIATE-GOV) ENTERPRISES, THEREFORE REVERSING THE RECENT TREND TOWARD INCREASED STATE CONTROL OF BUSINESS AND THE EXCLUSION OF FOREIGNERS FROM PARTICIPATING IN ALL SECTORS OF THE ECONOMY. THROUGH LIBERALIZATION MAYGIVE A SHORT TERM BOOST TO THE ECONOMY THROUGH SMALL INCREASES

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IN AVAILABLE CREDITS, OUTLOOK FOR MAINTAINING ABSOLUTE LEVEL OF IMPORTS NOT BRIGHT. WITH RETURN OF MANY PREVIOUSLY ZAIRIANIZED CUM RADICALIZED FIRMS TO PREVIOUS, LARGELY DUROPEAN, MANAGEMENT, IT WILL BE

INCREASINGLY DIFFICULT TO MAKE INROADS IN PRESENT EUROPEAN-BASED SUPPLIER RELATIONSHIPS. RELATIVE MARKET SHARES FOR NEAR FUTURE WILL, HOWEVER, BE MORE INFLUENCED BY AVAILABILITY OF CREDITS THAN BY COMPETITIVENESS OF PRODUCTS OR MARKETING EFFORTS. THE GOZ HAS MADE THE SAGGING AGRICULTURAL SECTOR ITS "PRIORITY OF PRIORITIES" IN WHICH INVESTMENT IS BEING QUADRUPLLED. IT WILL LIKELY CONCENTRATE ITS REMAINING RESOURCES ON TRANSPORT SECTORS THAT SUPPORT AGRICULTURE AND ON SUPPLYING SPARES AND RAW MATERIALS FOR INDUSTRIES DEEMED ESSENTIAL TO THE FUNCTIONING OF THE ECONOMY. ON THE POSITIVE SIDE NEW STABILIZATION MEASURES SHOULD LEAD TO IMPROVEMENT IN GOZ ATTITUDE TOWARD US INVESTMENTS IN ZAIRE BOTH PRESENT AND PROSPECTIVE.

2. USG ECONOMIC/COMMERICAL OBJECTIVES IN ZAIRE ARE (1) TO INCREASE US SHARE OF THE MARKET, (2) MAINTAIN ACCESS TO ZAIRIAN RESOURCES, (3) FURTHER US INVESTMENT AND PARTICIPATION IN MUTUALLY BENEFICIAL ZAIRIAN PROJECTS - ESPECIALLY THOSE IN THE AGRO-INDUSTRY AREA, (4) ASSIST US FIRMS ALREADY IN ZAIRE MAINTAIN SECURE OPERATING BASE.

3. IN SUPPORT OF US OBJECTIVES PRIORITY WILL BE GIVEN TO (1) KEEPING US AGENCIES AND SUPPLIERS INFORMED OF EVOLVING MARKET SITUATION AND HOW IT EFFECTS COMPETITIVENESS OF US GOODS AND SERVICES, (2) PROMOTION OF US TECHNOLOGY AND INVESTMENT INTO THE HIGH PRIORITY AGRO-INDUSTRY SECTORS, (3) FOCUS ON ENTIRE TRANSPORTATION SECTOR FROM ROAD BUILDING TO AVIATION EQUIPMENT, AND (4) TO STIMULATE DEMAND FOR US GOODS AND SERVICES IN THOSE APPLICABLE AREAS IN WHICH LEAD TIME PLANNING IS NECESSARY AND WHOSE PAYOFF WOULD LIKELY COINCIDE WITH RETURN OF LESS RESTRICTIVE FOREIGN EXCHANGE AVAILABILITIES THROUGH SERIES OF CATALOGUE SHOWS AND TECHNICAL MISSIONS.

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4. SECTION III. ECONOMIC/COMMERCIAL ORGANIZATION CHART.

AMBASSADOR

WASHINGTON ACTION GROUP	EMBASSY ACTION GROUP
EB/OCA REPRESENTATIVE (S)	DCM
AF COMM'L. COORD. (S)	E/C COUNSELOR
AF/C ZAIRE DESK OFF. (S)	COMMATT
OIM COUNTRY MKTG. MGR. (C)	CONSULS (2)
DESK OFF. (USIS)	

AGRICULTURE	CONSULATES
AGRIC. ATTACHE	LUBUMBASHI

WILLIAMS CONSUL (FSO-3)
 E/C OFFICER (FSO-6)
 COMMERICAL ASST. (FSL)

A.I.D.

PROGRAM ECONOMIST (R-2)
 BUKAVU
 CONSUL (FSO-4)
 ADAMS (FSO-5)
 KINSHASA E/C SECTION
 E/C COUNSELOR (FSO-2)
 NETTLES (FSO-4)
 COMMERICAL ATTACHE (FSO-3)
 ELLISON (FSO-4)
 E/C OFFICER (FSO-5)
 KARAER (FSO-4)
 E/C OFFICER (FSO-7)
 LARSON (FSO-7)
 E/C OFFICER (FSO-7)
 HAMILTON (FSO-7)
 E/C OFFICER (FSO-7)
 MATHEWSON (FSO-8)
 E/C ASSISTANT (FSL)
 BONGOLA (FSL-11)
 COMMERICAL ASSISTANT (FSL)
 SAMBA (FSL-12)
 COMMERICAL LIBRARIAN (FSL)
 MASSILA (FSL-11)

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H CLERK TYPIST-MESSENGER (FSL)
 BANZADIO (FSL-7)
 SECRETARY (FSS-7)
 REYNOLDS (FSS-7)
 SECRETARY (FSS-7)
 ALAUGHTER (FSS-8)

NORMALLY THE AGRICULTURAL ATTACHE INCLUDES 50 MAN DAYS
AND USIS INCLUDES 200 MAN DAYS IN THE COMMERICAL PROGRAM.

5. SECTION III. PROGRAMMED ACTIVITIES. CAPAIGN 1.
PRIORITY RANK 4. TITLE: INCREASE ROLE OF US COMPANIES
IN AGRO-INDUSTRY DEVELOPMENT THROUGH SEEKING OUT PRO-
JECTS SUITABLE FOR US INVESTMENT AND SALES AS WELL AS
FOR MANAGERIAL AND TECHNOLOGICAL INPUTS. CAMPAIGN
MANGER: OLLIE B. ELLISON. JUSTIFICATION: UNDER CURRENT
SITUATION WITH AGRICULTURE GETTING HIGHEST DEVELOPMENT
PRIORITY, AGRICULTURE (ALONG WITH TRANSPORTATION) RE-
PRESENTS AREA MOST AMENABLE TO FURTHER US PENETRATION
FOR IMMEDIATE FUTURE. WIDE POTENTIAL OF COUNTRY
COUPLED WITH PAUCITY OF LOCAL RESOURCES TO DEVELOP IT
MAKE THIS A NATURAL FOR THE DEPT.'S RECENTLY INVIGORATED
AGRO-INDUSTRY REPORTING PROJECT. CAMPAGIN HIGHLIGHTS:
ECON/COMMERICAL SECTION, ASSISTED BY OTHER MEMBERS OF

COUNTRY TEAM WILL SYSTEMATICALLY SEEK OUT AREAS AND PROJECTS WHERE US INDUSTRY COULD MAKE SIGNIFICANT INPUTS. GOVT. DECISION MAKERS AT ALL LEVELS WILL BE APPRISED OF OUR INTEREST IN HELPING ZAIRE ACHIEVE ITS AGRICULTURAL PRODUCTION OBJECTIVES. IN SERIES PROGRAMMED VISITS THEIR ADVICE AND COOPERATION WILL BE SOUGHT TO HELP IMPLEMENT THE EMBASSY PROGRAM. THIS CAMPAIGN WILL INCLUDE FOOD PROCESSING AND PACKAGING EQUIPMENT PROMOTION.

6. SECTION III. PROGRAMMED ACTIVITIES. CAMPAIGN 2.
PRIORITY RANK 5. TITLE: STEP UP SCRUTINY OF TRANSPORTATION SECTOR WITH VIEW OF INCREASING OPPORTUNITIES FOR US FIRMS TO MAKE SALES AND TECHNOLOGICAL INPUTS. CAMPAIGN MANGER: ALAN LARSON. JUSTIFICATION: DESPITE GOZ EFFORTS TO DATE, ZAIRIAN TRANSPORTATION SYSTEM REMAINS A BOTTLENECK TO THE IMPLEMENTATION OF THE COUNTRY'S AMBITIOUS AGRICULTURAL PROGRAM. THEREFORE, UNCLASSIFIED

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IT IS ALSO BEING GIVEN HIGH PRIORITY ATTENTION. THE ALREADY CONSIDERABLE US PRESENCE IN TERMS OF HEAVY CONSTRUCTION EQUIPMENT, RAILROAD EQUIPMENT, LAND, MARINE AND AVIATION VEHICLES SHOULD SERVE AS LEVERAGE FOR FURTHER SALES IN THIS AREA. ADDITIONALLY, THIS IS AN AREA WHERE DECISION-MAKING ON IMPORT SOURCES WILL REMAIN IN GOZ HANDS. CAMPAIGN HIGHLIGHTS: ASSESS THE DEVELOPING GOZ PRIORITIES FOR TRANSPORTATION SECTOR WITH EXPECTATION OF FINDING US SUPPLIERS IN POSITION TO MEET NEEDS. ESTABLISH FILE FOR RESEARCH OR SURVEYS ON TRANSPORTATION SYSTEMS AND SEEK TO ACCUMULATE RELEVANT MISSING DATA. IDENTIFY AND ESTABLISH CONTACTS WITH THE DECISION-MAKERS OF THE SECTOR IN ORDER TO FACILITATE SUBSEQUENT US INDUSTRY CONTACTS.

7. SECTION III. PROGRAMMED ACTIVITIES. CAMPAIGN 3.
PRIORITY RANK 6. TITLE: STIMULATE DEMAND FOR US EQUIPMENT AND TECHNOLOGY FOR MEDIUM-TERM PERIOD WHEN ZAIRIAN INDUSTRY IS AGAIN ABLE TO INVEST IN CAPITAL GOODS. JUSTIFICATION: ALTHOUGH LITTLE OR NO FOREIGN EXCHANGE WILL BE AVAILABLE FOR FORESEEABLE FUTURE TO MAKE NEW CAPITAL INVESTMENTS, THESE POTENTIAL INVESTMENT AREAS SHOULD CONTINUE TO RECEIVE EMB ATTENTION. IF THE AFOREMENTIONED STABILIZATION PLANS WORK-OUT, FUNDS FOR INVESTMENT SHOULD AGAIN BE AVAILABLE IN THE MEDIUM-TERM FUTURE. CAMPAIGN HIGHLIGHTS: UNDER THIS CATEGORY WILL BE SUBSUMED ALL REQUESTED CATALOGUE SHOWS NOT INCLUDED IN HIGHER CAMPAIGN PRIORITIES. THIS WILL INCLUDE SUCH PROMOTIONS AS METALWORKING EQUIPMENT, ENERGY SYSTEMS, TELECOMMUNICATION EQUIPMENT, BUILDING AND CONSTRUCTION EQUIPMENT. WITH ASSISTANCE USIS, SEEK OUT INDUSTRY-ORIENTED GROUPS FOR SHOWING VTR

PRESENTATIONS IN CONJUNCTION WITH CATALOGUE SHOWS.
COMPANY EXECUTIVES WILL THUS BE ENCOURAGED TO THINK
IN TERMS OF US TECHNOLOGY AND EQUIPMENT WHEN FORMULAT-
ING FUTURE PLANS.

8. NON-CAMPAIGN ACTIVITIES. ACTIVITY 1. PRIORITY
1. ECONOMIC REPORTING/NEGOTIATIONS/REPRESENTATIONS.
ZAIRE IS IMPORTANT TO THE US AS A MARKET AND SOURCE
OF RAW MATERIALS. ITS STATUS IN REGIONAL AND WORLD
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ECONOMIC COUNCILS MAKE IT AN IMPORTANT TARGET OF
OUR MULTILATERAL DIPLOMATIC EFFORTS. THEREFORE, THIS
AREA RETAINS TOP PRIORITY IMPORTANCE IN EMBASSY
COMMERCIAL PROGRAM.

9. NON-CAMPAIGN ACTIVITIES. ACTIVITY 2. PRIORITY
SUBSIDIARIES AND POTENTIAL INVESTORS IN THEIR DEALINGS
WITH THE LOCAL GOVERNMENT HAS GENERALLY REQUIRED SIGNI-
FICANT AMOUNTS OF EMBASSY EFFORTS. NEWLY EVOLVING
INVESTMENT CLIMATE WILL PRESENT INCREASED OPPOR-
TUNITIES FOR US INVESTMENT AS WELL AS INCREASING DEMANDS
ON PROGRAM PERSONNEL.

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FM AMEMBASSY KINSHASA
TO SECSTATE WASHDC 6249

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10. NON-CAMPAIGN ACTIVITIES: ACTIVITY 3. PRIORITY
3. CURRENT GENERAL MARKET RESEARCH. ACTION OFFICER:
D. MATHEWSON. JUSTIFICATION: IF THE US IS TO INCREASE
OR EVEN RETAIN CURRENT SHARE OF ZAIRIAN MARKET DURING
PERIOD OF SEVERLY DECREASED FOREIGN EXCHANGE AVAIL-
ABILITIES EFFORT MUST BE MADE TO DETERMINE WHICH COM-
PANIES AND ORGANIZATIONS ARE GETTING THE LICENCES TO

IMPORT THE SPARES AND OTHER BASIC NEEDS OF THE ECONOMY
GETTING THE PRIORITIES. EMBASSY COULD THEN ORIENT
COMMERICAL SERVICES TOWARD THOSE MORE LIKELY TO RECEIVE

EXCHANGE ALLOCATIONS.

11. NON-CAMPAIGN ACTIVITIES. ACTIVITY 4. PRIORITY
7. TRADE PROMOTION EVENT SUPPORT. US PARTICIPATION
IN THE 1977 INTERNATIONAL FAIR IN KINSHASA IS TAKEN AS
A CERTAINTY. AS A COMMERICAL PRESENCE FAIR, THE EVENT
WILL REQUIRE EXTENSIVE LOCAL EFFORT STARTING IN
NOV. 1976 ON UP TO FAIR OPENING JUNE 1977.

12. NON-CAMPAGIN ACTIVITIES. ACTIVITY 5. PRIORITY
8. BUSINESS SERVICES. EMBASSY HAS COMPLETED RECON-
STRUCTION OF A STREETLEVEL SECTION OF THE ALHADEFF
HOUSE, AND THE COMMERICAL LPVARA
YIICSOCLONG WITH MAJOR
ZPARTW OF THR LOCAL STAFF HAVE ##
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MED INTO IT.
EMBASSY PLANS TO DEVELOP THIS INTO A COMMERICAL SERVICES
CENTER SO THAT IT CAN ALSO PROVIDE PRODUCT MARKETING
SERVICES (STATE 297149) TO VISITIN G BUSINESSMEN. AL-
THOUGH COMMENCING IN PRESENT FY, ITS DEVELOPMENT WILL
LIKELY EXTEND INTO THE FY 1977 PROGRAM. MORE DETAILS
ON THIS COMING IN SEPARATE MESSAGE.
CUTLER

NOTE BY OCT: KINSHASA 759, SECTION 2, ## OMISSIONS;
CORRECTION TO FOLLOW.

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